

Message Text

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PAGE 01 TAIPEI 00294 150648Z

20

ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DRC-01 /138 W
----- 101629

R 150549Z JAN 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 647

INFO AMCONSUL HONG KONG

AMEMBASSY MANILA

UNCLAS TAIPEI 0294

HONG KONG FOR TREASURY REPRESENTATIVE

MANILA FOR IRS REPRESENTATIVE

E.O. 11652: N/A

TAGS: EFIN, TW

SUBJECT: WITHHOLDING TAX RATE TO REMAIN AT 15 PERCENT
UNTIL FURTHER NOTICE

REF : TAIPEI 120

1. EMBASSY INFORMED JAN. 14 BY DIRECTOR, TAX DEPT., MINISTRY OF FINANCE, THAT INSTRUCTIONS HAVE BEEN ISSUED TO TAX COLLECTING AGENCIES TO PERMIT, UNTIL FURTHER NOTICE, FOREIGN FIRMS WHICH HAVE RECEIVED INVESTMENT APPROVAL TO WITHHOLD TAX AT 15 PERCENT OF DIVIDENDS INSTEAD OF 35 PERCENT CONTAINED IN AMENDMENT TO ARTICLE 17 OF STATUTE FOR ENCOURAGEMENT OF INVESTMENT. HOWEVER, FIRMS MUST PROVIDE GUARANTEE COVERING ADDITIONAL LIABILITY IF IT LATER DEVELOPS MORE TAX MUST BE PAID. MINISTRY AWAITING RESULTS OF STUDY BY AMERICAN ACCOUNTING FIRM, PEAT, MARWICK & MITCHELL, BEFORE DECIDING ON NEXT STEP.

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2. COMMENT: EMBASSY BELIEVES THIS MEASURE SHOWS
SINCERITY STATEMENT BY VICE MINISTER
WANG SHAO-YU THAT
GOVERNMENT POLICY REMAINS TO ENCOURAGE FOREIGN INVESTMENT.
EMBASSY WILL MAKE FURTHER SUGGESTIONS FOR LONG TERM
SOLUTION OF PROBLEM AFTER FURTHER CONSULTATIONS WITH
MINISTRY OF FINANCE, AMERICAN CHAMBER OF COMMERCE,
AND IRS REPRESENTATIVE FROM MANILA, IF HE IS ABLE TO
COME. POSSIBLE SOLUTION COULD BE TAX AGREEMENT, NOT
FULL TAX TREATY, ON WITHHOLDING TAX RATE SIMILAR TO
AGREEMENT ON TRANSPORTATION TAX SIGNED FEBRUARY 1972.
MCCONAUGHY

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NNN

Message Attributes

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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005